DOCKET FILE COPY ORIGINAL

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Tariffs Implementing	)	CC Docket No. 97-250
Access Charge Reform	)	
	)	

COMMENTS OF THE SBC COMPANIES

I. INTRODUCTION

Pursuant to the Public Notice[1] released February 26, 1998 by the Federal Communications Commission (Commission), Southwestern Bell Telephone Company (SWBT), Pacific Bell, and Nevada Bell (collectively, the SBC Companies), hereby respond to the MCI Emergency Petition for Prescription (MCI Petition). None of the MCI issues should be added to those before the Commission, including the access tariff issues subject to the Commission's Designation Order,[2] and the Petition should be rejected.

II. THERE IS NO REASON TO REVISIT THE ACCESS REFORM DECISIONS IN THIS PROCEEDING.

MCI's petition should be rejected outright as procedurally incorrect. Most, if not all, of the requests of the petition are nothing more than disguised, late-filed, requests for

[1] Public Notice, MCI Telecommunications Corporation Petition the Commission for Prescription of Tariffs Implementing Access Charge Reform (DA 98-385) released February 26, 1998.

[2] Tariffs Implementing Access Charge Reform, CC Docket No. 97-250, Order Designating Issues for Investigation and Order on Reconsideration, (DA 98-151) (Com. Car. Bur., rel. January 28, 1998) (Designation Order).

reconsideration of the Commission's Access Charge Reform Order[3] or Designation Order, or mislabeled new requests for rulemaking. To the extent that the petition is really a petition for reconsideration of the Access Charge Reform Order, it must be dismissed as untimely. Further, MCI's petition appears to be a petition for reconsideration of the Designation Order, since MCI is attempting to have the issues in the investigation changed from those specifically set in the Designation Order. Such petitions are clearly forbidden.[4] MCI has had such a petition rejected in the past.[5]

As detailed in this response of the SBC Companies, the MCI petition is also without merit for substantive reasons. The finite resources of the Commission should not be squandered on this flawed MCI request; rather the Commission should dismiss it for its procedural deficiencies.

III. MCI'S CLAIMS OF HARM MUST BE REJECTED.

In support of its claim that implementation of access reform is harming competitors, MCI includes a lengthy discussion of different financial ratio comparisons between IXCs and RBOCs. MCI claims that "the three largest long distance companies have felt the negative impacts of access reform and increased competition." At no point, however, does MCI ever link the

[3] Access Charge Reform, CC Docket No. 96-262, First Report and Order, FCC 97-158 (rel. May 16, 1997) (Access Charge Reform Order).

[4] 47 C.F.R. Section 1.106(a) (1).

[5] AT&T Communications Revisions to Tariff F.C.C. Nos. 2, 9 and 10, Transmittal No. 434, 1 FCC Rcd 930 (1986) at para. 15.

"negative" financial impacts with the implementation issues associated with access reform.[6] The implementation of the PICC is simply a change from a per-minute recovery of costs to a flat, per-line recovery mechanism and was designed to be revenue neutral in the aggregate.

For MCI to suggest that the negative financial impacts noted in their petition are a result of the implementation of access reform is misleading. Alternatively, to the extent that increased competition cited by MCI produced the negative financial impacts, the remedy to MCI's concerns can be found in the marketplace and not at the Federal Communications Commission.

IV. THE COMMISSION SHOULD NOT MAKE ANY OF THE PRESCRIPTIONS REQUESTED BY MCI.

MCI requests prescriptive access reductions that are virtually the same pleas it made in its comments and replies in the Access Charge Reform proceeding. The Commission has explicitly rejected MCI's arguments for prescriptively lowering access rates to forward-looking economic cost, stating that: (1) accurate forward looking cost models are not available at present; (2) such action could result in overly disruptive and potentially inaccurate revenue decreases for incumbent LECs; and (3) Congress did not mandate indiscriminately slashing access rates.[7] Most importantly, the Commission concluded that "adopting a primarily market-based approach to reforming access charges will better serve the public interest than attempting immediately to

[6] Indeed, as noted by USTA, IXCs have failed to pass through billions of dollars in per-minute access charge reductions to end-users. Thus, the real "harm" to consumers is not in the implementation of access charge reform by ILECs but in the failure of IXCs to pass through the ILEC implementation.

[7] Access Charge Reform Order, paras. 45-49

prescribe new rates for all interstate access services based on long-run incremental cost."[8] The Commission should uphold its main decisions in the Access Charge Reform Order while rejecting MCI's petition.

V. THE COMMISSION SHOULD IMMEDIATELY ADOPT A STANDARDIZED, VERIFIABLE DEFINITION OF PRIMARY AND NON-PRIMARY LINES.

MCI faults the Commission for its failure to provide a definition of primary and non-primary lines, noting that an order has not yet been released in the Primary Lines NPRM.[9] The "solution" proposed by MCI, however, is to place the blame with the LECs for not uniformly predicting the ultimate definition that the Commission will adopt. MCI's "solution" should be rejected.

As explicitly stated in the Designation Order, the Commission has not yet adopted a uniform nationwide definition of primary and non-primary residential lines. Nevertheless, the Designation Order asked SWBT to explain fully its definition of primary and non-primary residential lines, including any assumptions that went into these definitions.

As explained in the SBC Companies' Direct Case, the SBC Companies consider a line a primary residential line if it is a line with a residence class of service, billed on a single line account. In addition, a line is considered to be a primary residential line if it is a line with a residence class of service that is a single account billed as part of a multi-line or multi-party service. A line is considered to be a non-primary residential line if it has a residence class of service, is billed as part of a multi-line or multi-party service and is not the first line on the

[8] Access Charge Reform Order, para. 263.

[9] Defining Primary Lines, CC Docket No. 97-181, 12 FCC Rcd 13647 (1997) (Primary Lines NPRM).

account and is classified as an additional line. A line is classified as an additional line any time there is already at least one working line present at the time it is installed in a single family living unit. For example, if two lines in the same living unit appear on the same bill, the account would be considered multi-line or multi-party service. The first line would be considered primary and the second line would be classified as non-primary. Another example involves two lines in a single-family living unit, but the lines are billed on separate bills. Because both lines would be considered single line service, both lines would be considered primary.

The above definition is reasonable, and none of the concerns raised by MCI are valid when considered in light of this definition. No prescriptive action is supportable as to the SBC Companies' tariffs.

VI. THE COMMISSION SHOULD NOT REQUIRE ILECS TO PROVIDE IXCS AUDITABLE LINE COUNT DATA OF ALL TYPES OF LINES.

MCI complains that it needs additional line data so that it can pass on the Presubscribed Interexchange Carrier charge (PICC) to its customers.[10] MCI, however, provides no reason why it needs this information any more than it would have needed information on the previous USF high cost fund contributions for which it was responsible, when those charges were billed on a presubscribed line basis. ILECs are required to provide customer-specific information to IXCs for purposes of verifying PICC billing. MCI needs no additional data than that being provided to accurately bill PICCs to customers.

MCI also inaccurately claims that it is collecting "the PICC fees on behalf of the ILECs...."[11] This misstatement only serves to confuse this issue. The PICC charges are no more

[10] MCI at pp. 19-21.
[11] MCI at fn. 41.

"on behalf of the ILECs" than the previous CCL charges, or any access charges for that matter. MCI likely does not routinely claim that a portion of its rates are billed "on behalf of the switch manufacturer" or that a portion of the rates are billed "on behalf of the major television networks" on which it advertises. As the Commission has restructured the interstate access charge system, PICC rates are a Commission-created rate element to be billed to interstate access customers and MCI's mischaracterization should be rejected.

MCI argues that the ILECs should be held responsible for billing the charges themselves if they cannot provide line data to MCI's own satisfaction. This point must be rejected as a thinly-veiled attempt to alter the Access Charge Reform Order in this proceeding. MCI's request must be denied.

VII. THE COMMISSION SHOULD NOT DETERMINE THAT IXCS CAN CHANGE THE PIC OF THEIR CUSTOMERS WITHOUT THEIR CONSENT.

MCI restates the arguments cited by Sprint in Sprint's petition for a ruling that an interexchange carrier (IXC) that has terminated service to a presubscribed customer for nonpayment or for violation of any other term or condition in the IXC's tariff is not liable for PICCs with respect to such customer's lines if the IXC has made a timely notification to the local exchange carrier (LEC) that it has discontinued service to the customer.

As stated by the SBC Companies in their response, under Sprint's request, the SBC Companies could be subjected to various end user complaints that their PICs have been changed without their consent. In this manner, the Sprint proposal would put the LEC in the middle of disputes between the IXC and the end-user. Such disputes could multiply as many IXCs begin to look for opportunities to terminate their relationships with low-volume callers. The burden and

costs of responding to such complaints should not be imposed upon the access provider, but instead should be borne by the IXC that terminated service to the end user. MCI provides no basis upon which to shift this burden, and its request for prescription must be rejected.

MCI's request, like that of Sprint, really asks for permission to begin a process of "scramming." This is the process of getting rid of customers that an IXC does not want, either because the IXC, at its sole discretion, has determined that the customer does not have the usage necessary to justify profitability for that IXC, or because of slow payment or other problems in the IXC-customer relationship. As the SBC Companies have noted, the IXC cannot change the PIC for the end-user customer. The Commission should not condone "scramming" any more than "slamming."

VIII. THE COMMISSION SHOULD NOT STANDARDIZE THE "SNAP-SHOT" DATE USED BY ILECS TO BILL PICCS.

The SBC Companies have adopted the most efficient means of incorporating PICCs into their existing carrier access billing system (CABS) procedures. Since billing cycles and the data billed in each cycle vary presently by carrier, standardizing the "snap-shot" date would lead to less efficient and more costly billing procedures. The Commission should uphold its prior decision to allow ILECs latitude in the practicalities of billing PICCs so that least costly practices prevail.

IX. THE COMMISSION SHOULD NOT PRESCRIBE TARIFF LANGUAGE REQUIRING ILECS TO PROVIDE IXCS INFORMATION SUPPORTING THE AMOUNT OF UNIVERSAL SERVICE SUBSIDIES INCLUDED IN ACCESS CHARGES.

MCI insists that LECs should be saddled with an obligation to provide IXCs with a separate line item on their bills detailing the amount of universal service contribution that is passed through to IXCs in each access element.[12] This request must be rejected.

The SBC Companies determined the USF allocations to the price cap baskets in accordance with the Commission's Part 69 rules and provided an explanation in their Direct Case filed on February 27, 1998. Further detail on the amounts has already been provided in the SBC Companies' Description and Justifications on Table 2 in Section 2.[13] Any additional prescriptive information is unnecessary and should be rejected.

MCI's threat "to allocate ILEC USF contributions to the appropriate charges for the purpose of calculating their USF retail fees" is misplaced, since the Commission already gave adequate oversight to direct recovery only from specified baskets that generate end user revenues.[14] Price cap constraints ensure that ILECs recover only their share of USF expense, and nothing more.

---

[12] MCI at p. 26.

[13] Nevada Bell Transmittal No. 232 as amended by 233, Pacific Bell Transmittal No. 1959, SWBT Transmittal No. 2678 as amended by 2679.

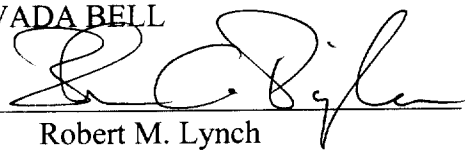
[14] Access Charge Reform Order at para. 379.

X. CONCLUSION

For the foregoing reasons, MCI's request for prescription should be denied.

Respectfully submitted,

SOUTHWESTERN BELL TELEPHONE COMPANY
PACIFIC BELL
NEVADA BELL

BY: 

Robert M. Lynch
Durward D. Dupre
Michael J. Zpevak
Thomas A. Pajda
One Bell Plaza, Room 3003
Dallas, Texas 75202
(214) 464-5307

Attorneys for Southwestern Bell Telephone Company, Pacific Bell and Nevada Bell

March 18, 1998

Certificate of Service

I, Mary Ann Morris, hereby certify that the foregoing, "Comments of Southwestern Bell Telephone Company" has been filed this 18th day of March, 1998 to the Parties of Record.

Mary Ann Morris

March 18, 1998

ITS INC
1231 20TH STREET NW
WASHINGTON DC 20036

JUDY NITSCHE
FEDERAL COMMUNICATIONS COMMISSION
1919 M STREET NW
ROOM 518
WASHINGTON DC 20554

JOHN SCOTT
FEDERAL COMMUNICATIONS COMMISSION
1919 M STREET NW
ROOM 518
WASHINGTON DC 20554

JOSE RODRIGUEZ
FEDERAL COMMUNICATIONS COMMISSION
ACCOUNTING AUDITS DIVISION
2000 L STREET NW
ROOM 812
WASHINGTON DC 20554

PEYTON WYNNS
FEDERAL COMMUNICATIONS COMMISSION
INDUSTRY ANALYSIS DIVISION
2033 M STREET NW
SUITE 500
WASHINGTON DC 20554

MCI TELECOMMUNICATIONS CORP
ALAN BUZACOTT
REGULATORY ANALYST
1801 PENNSYLVANIA AVENUE NW
WASHINGTON DC 20006

GENE C SCHAERR
SCOTT M BOHANNON
CARL D WASSERMAN
AT&T CORP\
1722 I STREET NW
WASHINGTON DC 20006

MARK C ROSENBLUM
PETER H JACOBY
JUDY SELLO
AT&T CORP
ROOM 3245I1
295 NORTH MAPLE AVENUE
BASKING RIDGE NJ 07920

BELLSOUTH CORPORATION & BELLSOUTH
TELECOMMUNICATIONS INC
M ROBERT SUTHERLAND
4300 SOUTHERN BELL CENTER
675 W PEACHTREE STREET, NE
ATLANTA GA 30375

AMERITECH SERVICES INC
2000 WEST AMERITECH CENTER DRIVE
HOFFMAN ESTATES IL 60196-1025

BELLSOUTH COPORATION
1155 PEACHTREE ST NE
SUITE 1800
ATLANTA GA 30367-6000

THE BELL ATLANTIC TELEHONE COMPANY
1320 N COURT HOUSE ROAD
8TH FLOOR
ARLINGTON VA 22201

THE SOUTHERN NEW ENGLAND TELEPHONE
COMPANY
LINDA D HERSEMAN
227 CHURCH STREET
NEW HAVEN CT 06506

AMERITECH OPERATING COMPANIES
ITS ATTORNEYS
2000 WEST AMERITECH CENTER DRIVE
ROOM 4H94
HOFFMAN ESTATES IL 60196-1025

ROBERT B MCKENNA
DANA RASMUSSEN
US WEST COMMUNICATIONS INC
1020 19TH STREET NW
SUITE 700
WASHINGTON DC 20036

MICHAEL J SHORTLEY III
ATTORNEY FOR FRONTIER CORPORATION
180 SOUTH CLINTON AVENUE
ROCHESTER NY 14646

U S WEST INC
ROBERT B MCKENNA
RICHARD A KARRE
ATTORNEYS FOR U S WEST
SUITE 700
1020 19TH STREET NW
WASHINGTON DC 20036

ALIANT COMMUNICATIONS COMPANY
VINSON & ELKINS
THE WILLARD OFFICE BUILDING
1455 PENNSYLVANIA AVENUE NW
WASHINGTON DC 20004-1008

GTE TELEPHONE OPERATING CO
1850 M STREET NW
SUITE 1200
WASHINGTON DC 20036

CITIZENS UTILITIES COMPANY
RICHARD M TETTELBAUM
ASSOCIATE GENERAL COUNSEL
SUITE 500
1400 16TH STREET NW
WASHINGTON DC 20036

RICHARD MCKENNA HQE03J36
GTE SERVICE COPORATION
PO BOX 152092
IRVING TX 75015-2092

M ROBERT SUTHERLAND
A KIRVEN GILBERT III
ATTORNEYS FOR BELLSOUTH CORPORATION
1155 PEACHTREE STREET NE
SUITE 1700
ATLANTA GA 30309-3610

DAVID C OLSON
CINCINNATI BELL TELEPHONE COMPANY
201 E 5TH STREET
CINCINNATI OH 45202

SECRETARY'S OFFICE
FEDERAL COMMUNICATIONS COMMISSION
1919 M STREET NW
ROOM 222
WASHINGTON DC 20554

MARK C ROSENBLUM
PETER H JACOBY
JUDY SELLO
AT&T CORP
ROOM 3245I1
295 NORTH MAPLE AVENUE
BASKING RIDGE NJ 07920

SPRINT COMMUNICATIONS COMPANY LP
RICHARD JUHNKE
NORINA T MOY
1850 M STREET NW
SUITE 1110
WASHINGTON DC 200036

CHIEF
COMPETITIVE PRICING DIVISION
ROOM 518
1919 M STREET NW
WASHINGTON DC 20554